

January 31, 2007

House Committee on Great Lakes and Environment

RE: House Bill No. 4047

Central Wayne County Sanitation Authority (CWCSA) is an example of long term cooperation (beginning in 1955) between the five member cities. We serve over 224,000 citizens who live in the cities of Dearborn Heights, Garden City, Inkster, Wayne, and Westland.

CWCSA operated a Waste Incinerator from 1964-1998. From 1998 to 2003 a private operator transformed the plant into a Waste to Energy (WTE) operation. The private operator filed for bankruptcy in 2003. The settlement approved by the Bankruptcy Court in 2004 resulted in CWCSA entering a 20 year disposal agreement with Waste Management Michigan (WMM). The primary location for disposal is Woodland Meadows which is seeking expansion of their operations in Van Buren Township. In part, this is to meet WMM's obligation to CWCSA.

- HB 4047 as written appears to negatively impact the 20 year agreement between Waste Management Michigan (WMM) and CWCSA. This would limit CWCSA's ability to plan for future solid waste disposal.
- This could lead to higher costs to CWCSA and the possibility of early cancellation of the agreement.
- This could have the impact of redirecting CWCSA waste flow to other landfills in Wayne County. Carlton Farms would be the most likely location. This would cause increased truck traffic, fuel use, truck maintenance, and would take more time.
- Wayne County's landfill capacity has decreased from 20 year capacity in 1999 to 11 years in 2005 according to the Wayne County Department of Environment.
- The closure of three landfills, the Gross Pointe Clinton Incinerator, and the CWCSA WTE Plant have all reduced available landfill capacity. If the City of Detroit eventually closes their WTE Plant, this would further reduce the landfill capacity in Wayne County.
- It is possible that some landfills will close due to the impacts of HB 4047. Waste Management closed a landfill in Pennsylvania when they were denied approval to expand.

CWCSA would urge the committee to amend HB 4047 to avoid having negative effects on existing community contracts with landfill operators.

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Dear House Members serving on the Committee on Great Lakes and Environment,

Thank you for the opportunity to address your committee regarding this proposed legislation. My name is Steve Aynes. I have the honor to serve the 224,000 citizens of Dearborn Heights, Garden City, Inkster, Wayne, and Westland as Executive Director of the Central Wayne County Sanitation Authority (CWCSA).

Our Authority (with over 50 years of operations) is an example of long term inter-governmental cooperation where the member cities have pooled their resources (time, talent, and money) to address the solid waste disposal needs of our member communities. Our present agreements anticipate this cooperation continuing until at least the year 2024.

Following the closure of our Waste to Energy (WTE) Plant due to the bankruptcy of the private operators of the Plant, CWCSA searched for alternatives. After diligent effort and careful study, CWCSA entered into a 20 year agreement expiring in 2024 with Waste Management of Michigan(WMM) for disposal of solid waste at the Woodland Meadows Landfill in Van Buren Township in Wayne County. The Federal Bankruptcy Court in Baltimore, Maryland approved the settlement of all legal claims and allowed the agreement with WMM to proceed.

CWCSA subsequently demolished the WTE Plant (including the Transfer Station) and permanently capped and closed our Monofill (for disposal of ash). Both of these major tasks were completed in 2005.

The agreement with WMM provides for long term disposal at established rates for the entire 20 years. CWCSA is free to recycle any and all items that it can prior to transportation to the landfill. CWCSA's operating costs have been significantly reduced with the member cities benefiting from these savings. Tipping Fees while the WTE Plant was in operation had reached a high of \$ 63/ton. The current tipping fee is \$ 43/ton. By July 1, 2007 all remaining Authority debt will be paid in full and the cities are expecting to see a further reduction in the tipping fee to \$ 34/ton.

This would be good news to the communities at any time, but has especially been of benefit during the recent years when their budgets have been hurt by decreased state revenue sharing and by other losses of revenues. The cities are individually evaluating the impact of any savings to them in respect to how the funds should be used. Some of the cities have been considering using some of these anticipated savings to start curb side recycling.

CWCSA is active in recycling efforts. We are a member of the Michigan Recycling Coalition (MRC). CWCSA was presented an award by MRC as the "2006 Recycler of the Year, Outstanding Public Recycling Program". No other governmental unit was recognized in 2006 with this award.

We are concerned about the impact of H.B. No. 4047 on the continuation of our favorable agreement with WMM and our ability to control future costs of solid waste disposal. We are also concerned about the real capacity available for solid waste disposal in Wayne County in the future.

Both the closure/demolition of the WTE Plant and the closure of the Huron Monofill significantly affected Wayne County's assumptions regarding capacity for disposal as outlined in the County Plan in 2000. Also the Allen Park Clay Mine and Countrywide are now closed. This leaves only 7 landfills now available in Wayne County while 10 were listed in the County Plan in 2000. The 1999 Landfill Capacity report estimated that the total remaining life expectancy in Wayne County was 20 years. Six years later in 2005, the County's Landfill Capacity report estimates only 11 years of life expectancy remain.

The Wayne County Solid Waste Plan was previously significantly affected when the Grosse Pointe Clinton Authority closed and subsequently demolished their Waste Incinerator. The CWCSA WTE Plant was closed in late 2003 and demolished in 2005. This leaves one major WTE Plant in this region (Detroit) in operation. Those who oppose WTE Plant operations wish to see this plant close as well. There is speculation that this WTE Plant will close in the next few years. What would happen to this waste (422,253 tons in 1999) if for any reason this plant closed? This would have 4 times the impact of the CWCSA closure. This would dramatically change the projected life expectancy of the remaining landfills in Wayne County.

Another issue is the additional distance CWCSA member cities would have to transport solid waste in the event that the Woodland Meadows landfill closed any time prior to 2024. The alternatives in Wayne County would be Sauk Trails, Riverview, and Carlton Farms. Each of these also have capacity issues. However, the most likely location would be Carlton Farms. CWCSA previously evaluated Carlton Farms (Republic) prior to entering an agreement with WMM. The extra driving distance would be substantial (I estimate about 28 miles round trip). This would have both environmental and fiscal impacts. It would mean more trucks traveling to Carlton Farms. This would utilize more fuel, time, result in more repairs to trucks, and ultimately be reflected in higher tipping fees to the member cities.

If HB 4047 were implemented as presented, CWCSA would expect a time would come when WMM could no longer fulfill their contract with CWCSA. There are escape clauses that would probably apply in the case of a change in "governmental law" which significantly changes WMM's ability to fulfill the contract. This would then cause CWCSA to either pay significantly higher costs to WMM or have to seek another location as described above.

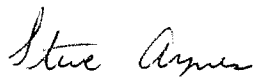
One of my responsibilities as Executive Director is to monitor and enforce the contract with WMM. I research articles in the professional journals that describe Waste Management's operations throughout the country. This gives me some idea what the parent company's attitude is about their operations.

I have attached copies of two articles. The first describes a situation in Wisconsin where a local city saw a substantial drop in operational costs by entering into a long term agreement with Waste Management for 20 years. This is similar to our situation. The second describes a landfill in Pennsylvania that Waste Management was seeking to expand until they were denied an expansion. The result was the closure of the landfill five years before its host community agreement is up.

CWCSA has the benefits of the first scenario. We are concerned that as a result of the HB 4047's passage as presently written, CWCSA and Wayne County would see both an early closure of the Woodland Meadows Landfill and an increase in rates in the meantime.

Regarding HB 4047, CWCSA would recommend that it be modified to recognize the existence of long term contracts with governmental units and allow the expansion planned to fulfill these contracts. Specifically, we are requesting that HB 4047 would allow WMM to proceed with the expansion of Woodland Meadows to fulfill their obligations to our 224,000 citizens through 2024.

Thank you for your consideration.



Steve Aynes
Executive Director

Central Wayne County Sanitation Authority, 3759 Commerce Court, Wayne, MI 48184,
(734) 722-9980 ext. 12, Fax (734) 722-9985, cwcsaexec@sbcglobal.net

CAPACITY CERTIFICATIONS

Every county with less than ten years of capacity identified in their Solid Waste Management Plan is required to annually prepare and submit to the MDEQ an analysis and certification of solid waste disposal capacity validly available to the County. This certification is required to be prepared and approved by the County Board of Commissioners.

Wayne County currently has 10 active landfills, which accepted over 12 million cubic yards of waste for disposal in 1999. The table below identifies these facilities, their annual disposal volume in 1999 and their remaining capacity based on approved design.

	1999 Data			
Site	Current Airspace (bcy)	Remaining Life (years)	Disposal vol (gcy).	Volume converted to (bcy)
Allen Park Clay Mine	1,823,870	4	408,191	408,191
Carleton Farms-MSW	63,390,000	67	1,899,955	949,978
Countywide	3,800,000	15	250,000*	250,000
Huron Quarry	578,840	11	54,750*	54,750
Levy	2,721,500	9	318,671	318,671
Livonia	178,207	17	10,761	10,761
Riverview	13,380,000	19	1,374,648	687,324
Sauk Trails	23,637,817	12	4,088,532	2,044,266
Sibley Quarry	15,000,000	60	250,000	
Woodland Meadows	22,544,000	12	3,806,322	1,903,161
Totals use for calculations	131,876,027			6,627,102

$$131,876,027 \text{ bcy} \div 6,627,102 \text{ bcy/yr} = 19.9 \text{ years}$$

The total remaining life of Wayne County's landfills is **approximately 20 years**** based on the disposal capacities and utilization rates identified in 1999.

* These values have been estimated for purposes of calculating a remaining life since neither facility was accepting waste in 1999.

** To determine this value, the current airspace available was totaled for all landfills, which is in bank cubic yards, and was divided by the total disposal volume converted into bank cubic yards. Since two different waste types were combined, two different conversion factors to convert gate cubic yards (gcy) into bank cubic yards (bcy) were utilized. For simplicity a consistent conversion for type II waste at 2 gcy = 1 bcy and for type III landfills at 1 gcy = 1 bcy was assumed. This provides a conservative estimate since at most facilities, the conversion will generally be greater. The availability of this airspace to be used if other facilities were to close, was also evaluated. In developing the available life for Wayne County's solid waste landfills, the volume available at Sibley Quarry was not included since this is a very specialized landfill that generally would not be acceptable for waste other than coal ash and would have artificially inflated the remaining life.

TABLE 1
Status of Solid Waste Disposal Capacity in Wayne County for 2005

Site	2005 Data			
	Current Airspace (bcy)	Remaining Life (years)	Disposal volume (gcy)	Disposal Volume converted to (bcy)
Allen Park Clay Mine	0	0	0	0
Carleton Farms-MSW	47,637,566	15	6,329,032	3,164,516
Countywide	1,862,213	4	674,416	674,416
Huron Quarry	0	0	0	0
Levy	1,455,700	12	220,189	220,189
Livonia	26,184	10	9,681	9,681
Riverview	18,366,962	19.9	2,561,941	1,280,971
Sauk Trails	17,401,685	14	3,317,343	1,658,672
Sibley Quarry	**	100	267,556	**
Woodland Meadows	11,637,000	5.1	4,211,816	2,105,908
Totals used for calculations	98,387,310			9,114,353

$$98,387,310 \text{ bcy} \div 9,114,353 \text{ bcy/yr} = 11 \text{ years}$$

The total remaining life of Wayne County's landfills is **approximately 11 years*** based on the disposal capacities and utilization rates identified in 2005.

* To determine this value, the current airspace available was totaled for all landfills, which is in bank cubic yards, and was divided by the total disposal volume converted into bank cubic yards. Since two different waste types were combined, two different conversion factors to convert gate cubic yards (gcy) into bank cubic yards (bcy) were utilized. For simplicity a consistent conversion for type II waste at 2 gcy = 1 bcy and for type III landfills at 1 gcy = 1 bcy was assumed. This provides a conservative estimate since at most facilities, the conversion will generally be greater. The availability of this airspace to be used if other facilities were to close, was also evaluated.

** In developing the available life for Wayne County's solid waste landfills, the disposal volume available with the current airspace of 20,000,000 bcy at Sibley Quarry was not included since this is a very specialized landfill that generally would not be acceptable for waste other than coal ash and would have artificially inflated the remaining life.

Another man's treasure

Transforming a budget-busting liability into an asset is every city manager's dream. Jay Krauss, city administrator for

Sturgeon Bay, Wis., saw such an opportunity when he learned Houston-based Waste Management had its eye on a city-owned transfer site. "Our trash became somebody else's valued commodity," he says.

In December 2002, Sturgeon Bay, a maritime community with about 10,000 residents, sold the transfer site to Waste Management for \$76,400 and agreed to deliver its recyclables and solid waste to the company for 20 years. In return, Waste Management lowered Sturgeon Bay's disposal fees from \$55 to \$34 for the life of the 20-year contract. It also agreed to pay the city an 83-cent royalty on every ton of waste passing through the transfer site after 2012.

Krauss, who notes that most municipalities in the county still pay tipping fees of \$47 or higher, predicts the privatization will save Sturgeon Bay at least \$1 million. The city negotiated such beneficial terms, he explains, because it realized not only the allure of its transfer site, but also the value of its trash. "We generate roughly 40 percent of all solid waste in [the county]," Krauss says. "Whoever was going to operate that transfer site needed our volume."

That ICMA's "50 Creative Finance Tools" seminar last year actually produced more than 100 innovative ideas shows the extent to which squeezing more out of municipal assets — from ambulance crews to truckloads of trash — is becoming a hallmark of governmental finance. That is no surprise to Borak, who describes city and county managers as a tenacious breed. "When you need to get something done," he says, "they're usually the ones who can do it."

Joel Groover is an Atlanta-based freelance writer.

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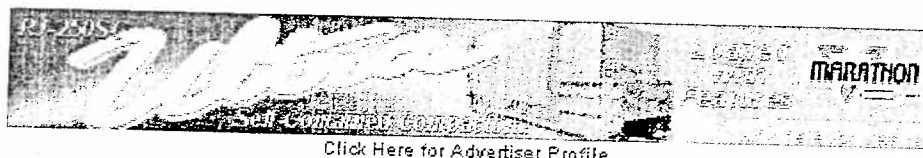
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WM to close Pa. landfill, take \$35M charge for second quarter

June 17 -- Waste Management Inc. will close its Pottstown landfill in Pennsylvania and take a \$35 million charge during the second quarter, the Houston-based company said.

The state Environmental Hearing Board recently voted against allowing an expansion of the landfill based on its location in relation to flight paths for a local airport.

The time it would take to appeal that decision coupled with a local host agreement mandating that the landfill close in 2010 made the company decide to no longer pursue the expansion.

"The length of time required for an appeal, and if successful, the permit application review by the Pennsylvania Department of Environmental Protection would exceed that 2010 required date of closure," said Jim Dancy, vice president of Waste Management's Pennsylvania operations.

Closure work has already started at the landfill, and the site's current operating permit will expire Oct. 2.

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